



The Law Office of Seth J. Howell

Texas-Based Virtual Practice | Tax and Estate Planning

Reasonable Salary Worksheet for S-Corporation Owners

This worksheet helps business owners document how their S-Corporation salary was determined. It aligns with IRS guidance on 'reasonable compensation' and can be kept in your annual compliance file.

1. Business Information

Business Name: _____

Industry/Field: _____

Tax Year: _____

Pre-Salary Net Profit (estimated): \$ _____

2. Owner's Role and Duties

Describe your role and percentage of time spent on each function.

Primary Duties and % of Time:

3. Comparable Salary Data

List salary benchmarks and sources (BLS, Salary.com, etc.).

Data Source(s):

Comparable Market Salary: \$ _____

4. Time Commitment

Annual Hours Worked: _____

Full-Time Equivalent (FTE) %: _____

5. Salary Determination and Rationale

Proposed W-2 Salary: \$ _____

Distribution Amount (if any): \$ _____

Supporting Explanation:

6. Annual Review Checklist

- Salary reviewed and adjusted for current market conditions.
- Time commitment updated to reflect current role.
- Profit levels and QBI impact reviewed with CPA.
- Payroll filings completed.
- Documentation retained for IRS audit defense.

7. QBI Deduction Notes

Only the profit portion (after your W-2 salary) qualifies as QBI for the 20% deduction under IRC §199A.

Acknowledgment

I certify that this reasonable salary determination is based on available market data and my actual work performed.

Signature: _____ Date: _____

Prepared by The Law Office of Seth J. Howell | Texas Tax and Estate Planning |
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